VZCZCXRO3212 OO RUEHGI RUEHMA RUEHROV DE RUEHKH #1338 2461308 ZNR UUUUU ZZH O 021308Z SEP 08 FM AMEMBASSY KHARTOUM TO RUEHC/SECSTATE WASHDC IMMEDIATE 1797 INFO RUCNFUR/DARFUR COLLECTIVE RUCNIAD/IGAD COLLECTIVE RHMFISS/CJTF HOA

UNCLAS KHARTOUM 001338

DEPT FOR AF A/S FRAZER, SE WILLIAMSON, SPG, AND EEB/IFD NSC FOR PITTMAN AND HUDSON DEPT PLS PASS USAID FOR AFR/SUDAN DEPT PLS PASS TREASURY FOR OIA ADDIS ABABA ALSO FOR USAU

SENSITIVE SIPDIS

E.O. 12958: N/A

TAGS: <u>PREL EFIN PHUM PINS MOPS ASEC</u> <u>SU</u> SUBJECT: DEEPENING SPLA PAY ARREARS THREATEN DISCIPINE, MORALE

REF: A. KHARTOUM 926 ¶B. 2007 Khartoum 2001

- 11. (SBU) SUMMARY: SPLA morale and discipline are sagging as soldiers face arrears in pay averaging two months, while some troops reportedly have not been paid during the past six months. With 2008 funds already exhausted because of corruption and cost overruns, there seems little prospect for relief in the near future. The pay crisis also calls into question the GoSS' discipline and capacity to keep spending within budgetary targets. END SUMMARY.
- (SBU) Despite a July 12 commitment by GOSS Finance Minister Kuol Mawien to seek an extraordinary \$250 million budget supplemental for the SPLA, the South's military rank and file now average a two-month delay in salary payments as of August 30. Outlying division commanders report to the SPLA's payroll chief in Juba that select units under them have not been paid in as many as six months. USG contract personnel witnessed a recent exchange between one such division commander and the paymaster. The latter expressed surprise at the length of the delay, and promised to get an investigation get underway. Significantly, he could not promise remedial compensation would be offered, however. The budget supplemental, the first to be considered by the Southern Sudan Legislative Assembly in its history, has yet to be tabled for parliament's consideration.
- 13. (SBU) In June, the SPLA initiated an unannounced 10 percent salary reduction for all ranks. In the absence of any transparent explanation by the SPLA's senior commanders, the surprise directive has been implemented inconsistently. Some units report no impact, while others report suffering a greater than 10 percent deduction, fueling frustration within the ranks. One SPLA colonel grumbled to a USG contractor: "Mathok probably did not get his pay cut," referring to the Deputy Chief of Staff for Administration, the SPLA's second most senior officer. The pay-reduction order followed SPLA Chief of General Staff Oyai Deng Ajak's May admission to ConGen Juba PolOff that the SPLA will have exhausted its entire 2008 payroll by the end of July (ref. a). What was publicized belatedly as an "interim measure" now has taken on an aura of permanence. Rumors are circulating at Bilfam (the SPLA's Interim General Headquarters in Juba) that some troops will not receive any pay for the month of September.
- ¶4. (SBU) SPLA Chief of General Staff Oyai Deng Ajak told ConGen PolOff that in July the Ministry of Finance had absolved the SPLA of responsibility for the majority of military's budget overruns. However, this reprieve has not permitted the SPLA to lift the financial burden off the back of its troops. GOSS President Salva Kiir Mayardit publicly pleaded for understanding and patience in an extraordinary address to approximately 2,000 Juba-based troops in mid-August. The President tied the SPLA's continuing financial predicament to strains caused by the integration of an unexpectedly high number of formerly non-aligned militias. SPLA Commanders

staffing the infantry training school in Malou, where the SPLA runs the bulk of its debriefing and DDR programming, reported approximately 600 new "militia colonels" had arrived at the facility for integration interviews.

- 15. (SBU) Despite Kiir's August address, tensions continue. Unable to identify any stop-gap revenue source, the SPLA is targeting "areas of insecurity" within its ranks in order to maintain discipline. In Unity State, the SPLA, supported by the Southern Sudan Police Service and the SPLA contingent of that state's Joint Integrated Unit, seized "unauthorized weaponry" in a house-to-house search of the residences of SPLA personnel the week of August 10. JIU Commander Thomas Cirillo told ConGen PolOff August 29 that a similar campaign was being considered for Juba, following the broad-daylight skirmish, on August 21, between ethnic Mundari and Nuer SPLA soldiers in the center of Juba town. According to Cirillo, SPLA Military Police investigating the incident believe the dispute was sparked by two soldiers bragging over their receipt of pay.
- 16. (SBU) Comment: In addition to the obvious impact on SPLA cohesion, the pay arrearages call into question once more the GoSS' financial management capacity. The vast bulk of the GoSS budget is devoted to salaries, and much of that (49 percent) is allocated to the SPLA. The 2008 budget (ref b.) was supposed to rein in spending, avoid the budgetary (near) train wreck that occurred in 2007, and get the GoSS on the path to fiscal responsibility. The SPLA's inability to meet its basic payroll obligations in 2008 suggests that the GOSS has a long way to go in managing its budget and payroll.

FERNANDEZ